

Randy Leonard, Commissioner David G. Shaff, Administrator

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MEMORANDUM

April 18, 2011

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TO:

David Shaff – Administrator

Portland Water Bureau (106/601)

FROM:

Frank Galida P.E., Portland Hydroelectric Project Manager

Hydroelectric Power Section (106/530)

Portland Water Bureau

SUBJECT:

Hydroelectric Power Division's Spring Budget Monitoring Report for FY 2010-11

As required by OMF, attached are FY 2010-11 BRASS Fund Projection Reports for the three Hydropower Funds that are managed through the Hydroelectric Power Division. Also attached, is one budget amendment request seeking and internal transfer to avoid a potential over-expenditure in the Internal M&S category of Fund 601000.

The following is a brief synopsis of the attached reports for the three Hydroelectric Power Funds:

Hydroelectric Power Operating Fund No. 601000

• This fund is now projected to end FY 2010-11 with a positive net balance of \$174,155 which will be \$45,557 higher than that which had been projected in the FY 2010-2011 Budget.

Hydroelectric Power Bond Redemption Fund No. 611000

- In FY 2010-11, all required power sales payments from PGE to this fund, and debt service payments from this fund to the Bondholders, have been made as scheduled.
- The projected FY 2010-2011 Ending Fund Balance for this fund is approximately 102% of the budgeted amount.

Hydroelectric Power Renewal and Replacement Fund No. 618000

- In FY 2010-11, all required power sales payments from PGE to this fund have been made as scheduled.
- As of the FY 2010-11 year's end, the Ending Fund Balance for this fund is projected to end up at approximately 99% of the budgeted amount.

Current Power Generation at the Portland Hydroelectric Project

The Portland Hydroelectric Project (PHP) finished its Contract Year 2009-10 (9/1/2009 through 8/31/2010) with a total amount of power generation that was roughly 101.4% of its historical average. That level of power generation was 12.6% above the amount that was projected in the FY 2010-2011 budget. The specific payment associated with that power generation was actually received in December of 2010.

Through the first seven and a half months of the current Contract Year 2010-11 (9/1/2010 through 4/15/2011), the total amount of power generation at the PHP has been roughly 118% of the historical average for those months.

Should you have any questions regarding the information attached, please feel free to call me at 503-823-7517.

FRG 2010-11-SPRING BUMP MEMO - HYDROPOWER

cc: Mike Stuhr

Stan Vandebergh Mary Leung

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Spring BuMP

FISCAL YEAR FY 2010-11

WA_023 - I/A Water to Hydropower

Adjustment to I/A to allow for increased billings from Water to Hydropower.

Dollar Amount:

\$0

Type:

New Request

Resources:

Internal Transfer

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Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|
| Hydroelectric Power Operating Fund | | | | |
| EXPENDITURES | | | | |
| Personal Services | \$245,987 | \$155,424 | \$240,000 | 98% |
| External Materials and Services | \$181,500 | \$5,835 | \$145,800 | 80% |
| Internal Materials and Services | \$252,520 | \$168,393 | \$242,575 | 96% |
| Bond Expenses | \$14,608 | \$3,367 | \$14,608 | 100% |
| Fund Transfers - Expense | \$347,324 | \$64,636 | \$347,324 | 100% |
| Contingency | \$130,267 | \$0 | \$174,155 | 134% |
| TOTAL EXPENDITURES | \$1,172,206 | \$397,655 | \$1,164,462 | 99% |
| REVENUES | · · · · · · · · · · · · · · · · · · · | | | |
| Budgeted Beginning Fund Balance | \$348,607 | \$0 | \$338,629 | 97% |
| Interagency Revenue | \$63,207 | \$20,877 | \$60,000 | 95% |
| Fund Transfers - Revenue | \$126,022 | \$0 | \$106,022 | 84% |
| Miscellaneous | \$634,370 | \$399,885 | \$659,811 | 104% |
| TOTAL REVENUES | \$1,172,206 | \$420,762 | \$1,164,462 | 99% |

Fund Projection Narrative

External Materials and Services (80%)

This under-expenditure variance is due to the fact that the budgeted amount includes a place holder for unidentified repair and replacement work for the Portland Hydroelectric project (PHP) and in FY2010-11, there have not been a lot of renewal and replacement projects required for the facilities of the PHP. Therefore, the expenditures from this Fund have ended up being less than budgeted.

Contingency (134%)

This variance is primarily due to Hydropower leaving one part-time position unfilled for the last 9 1/2 months, and then being very careful with its external M&S expenditures.

REVENUES

Fund Transfer - Revenue (84%)

These cash transfers are made from Fund (No.618) to the Hydropower Operating Fund (No. 601) to pay for repair and replacement work at the Portland Hydroelectric Project (PHP) as those needs arise. This variance is due to the fact that the budgeted amount includes a place holder for unidentified work and in FY2010-11, there have not been a lot of renewal and replacement projects required for the facilities of the PHP. Therefore, the transfers from the Hydropower Renewal & Replacement Fund to the Hydropower Operating Fund have ended up being less than budgeted.

Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|-------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---|
| Hydroelectric Power Bond Redemption | | | | |
| EXPENDITURES | • | | | • |
| Unappropriated Fund Balance | \$4,429,990 | \$0 | \$4,513,294 | 102% |
| Bond Expenses | \$2,716,810 | \$2,355,192 | \$2,716,810 | 100% |
| TOTAL EXPENDITURES | \$7,146,800 | \$2,355,192 | \$7,230,104 | 101% |
| REVENUES | | e . | * | |
| Budgeted Beginning Fund Balance | \$4,383,500 | \$0 | \$4,420,808 | 101% |
| Miscellaneous | \$2,763,300 | \$1,555,910 | \$2,809,296 | 102% |
| TOTAL REVENUES | \$7,146,800 | \$1,555,910 | \$7,230,104 | 101% |

Fund Projection Narrative

Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|--|----------------------------------|---------------------------------------|---------------------------------------|---|
| Hydroelectric Power Renewal Replacement Fund | | , | | · |
| EXPENDITURES | | | | |
| Fund Transfers - Expense | \$125,000 | \$0 | \$105,000 | 84% |
| Contingency | \$9,622,308 | \$0 | \$9,538,600 | 99% |
| TOTAL EXPENDITURES | \$9,747,308 | \$0 | \$9,643,600 | 99% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$9,222,708 | \$0 | \$9,303,360 | 101% |
| Miscellaneous | \$524,600 | \$233,921 | \$340,240 | 65% |
| TOTAL REVENUES | \$9,747,308 | \$233,921 | \$9,643,600 | 99% |

Fund Projection Narrative

EXPENDITURES

Fund Transfers - Expense (84%)

These cash transfers are made from this Fund (No.618) to the Hydropower Operating Fund (No. 601) to pay for repair and replacement work at the Portland Hydroelectric Project (PHP) as those needs arise. This under-expenditure variance is due to the fact that the budgeted amount includes a place holder for unidentified work and in FY2010-11, there have not been a lot of renewal and replacement projects required for the facilities of the PH P. Therefore, the transfers from this Hydropower Renewal & Replacement Fund to the Hydropower Operating Fund (Fund No. 601) have ended up being less than budgeted.

REVENUES

Miscellaneous Revenues (65%)

From the time that the budget request was submitted in February, 2010 to the time that the annual billing statement to PGE for the PHP's Contract Year 2010-11 (October, 2010 to September, 2011) was finalized in October of 2010, the amount needed in power sales to this Fund dropped by \$112,260 or 21% of the Miscellaneous Revenues budget amount for this Fund. The other part of this variance is associated with the available interest rates for re-investing of the cash balances in this Fund. Those available interest rates have been about half of what had been used in the budget projections.